

# Vision Zero Fund: Questions and Answers



The G7-initiated Vision Zero Fund initiative (VZF) aims to prevent work-related deaths, injuries and diseases in global supply chains. The social and economic losses caused by unsafe work environments are significant. Based on ILO estimates 2.3 million workers die every year from work-related injuries and diseases. An additional 160 million workers suffer from work-related diseases and 313 million workers from non-fatal injuries per year. There are 34 developing countries without an employment injury insurance system and approximately 60 per cent of the world's labour force is ineffectively protected if they are injured or become ill as a result of their work. The damage to companies and economies is significant. In economic terms, the ILO has also estimated that more than 4% of the world's annual GDP is lost as a consequence of work-related injuries and diseases.

Against this background, the objective of the VZF is to work towards the vision of zero fatal and severe work-related injuries and diseases by improving occupational safety and health practices and conditions in sectors that link to global supply chains as well as strengthening institutional frameworks such as labour inspectorates and employment injury insurance schemes in countries linked to such global supply chains.

## 1. What distinguishes the Fund from other initiatives aimed at reducing work-related deaths, injuries and diseases in global supply chains?

The Vision Zero Fund is innovative in several regards:

- First, it is a multilateral fund, initiated by G7 countries, but open to all governments willing and ready to contribute;
- Second, it is a public-private partnership, also open to contributions from businesses;
- Third, the Fund's approach is to work towards *structural* improvements in safety and health practices at the work place, which requires the commitment of all relevant stakeholders (see question 3 below);
- Finally, the Fund aims to strengthen capacity in both public and private spheres, realising that public compliance activities and private practices at the sector and company level are interdependent (see question 2 below).

## 2. What kind of activities could be financed by the Vision Zero Fund?

The Fund will provide financial support to coordinated undertakings, action plans or similar agreements by business, social partners, NGOs and governments that commit themselves to work towards safe workplaces and compliance with minimum labour, environmental and safety standards. In this context, the Fund will support action required to foster prevention and to put into practice labour, social and workplace-related environmental standards. Action financed will focus

both on strengthening public frameworks (such as occupational safety and health systems, effective labour inspectorates, the establishment or improvement of national work-related injury insurance schemes as a contribution to the implementation of national basic social protection floors), as well as company-based practices (such as development of OSH management systems, training of management and workers on safety procedures and standards, implementation of standards and assessment requirements, and creation of company-based health and safety committees).

### 3. Are there any special pre-conditions to receive support from the Fund?

The Fund's main rationale is to mobilize the financial support that is required to foster prevention and increase stakeholder-owned initiatives in global supply chains. Therefore, the joint public-private commitment of businesses, government, the social partners and other relevant stakeholders is a prerequisite for funding - for example in the form of sustainability compacts, sectoral action plans or similar agreements. The Fund will only support those countries and stakeholders that commit themselves to prevention and the implementation of minimum labour, environmental and safety standards.

Basing allocation from a global Fund on this key prerequisite will steer actors towards taking sustainable action: a global Fund provides the flexibility required to provide funding in a targeted manner, allocate funds to champion pioneering undertakings, complement or co-finance ongoing activities to scale up, provide seed finance to develop new initiatives, step in to cover existing gaps - and also withdraw support in case of non-compliance.

### 4. Who would be the beneficiaries of the Fund?

Potential beneficiaries of the Fund will be social partners, workers and management, NGOs, supplier companies, national/local administration and - where suitable - private initiatives in producing countries. Similarly, the Fund's Steering Committee may decide to support private audit or compliance agencies if they help implement coordinated agreements on prevention and minimum standards through independent and public reporting.

### 5. Who would contribute to the Fund?

Representing a concerted global effort, the Fund has a multi-donor architecture. The Fund has been designed in a way that governments' contributions are Official Development Assistance (ODA) eligible. In addition, the Fund would enable donors to earmark their contributions and choose between two different portfolios - the "public case" or the "business case".

The "public case" portfolio would raise contributions (for example from G7 Governments) aimed at allocations strengthening public framework conditions in producing countries.

The "business case" portfolio would raise contributions for company-specific action. This will allow companies (or company-run foundations) to link their contributions to their own business case

supporting company-level prevention activities in the private sector of producing countries. As a result, the Fund will offer international buyers an opportunity to participate in a joint public-private effort that, on the one hand will benefit their own supply chain in terms of due diligence, productivity as well as reliability, and on the other, support the framework conditions for prevention and risk reduction in the respective producing countries.

## 6. What is the geographical scope of the Fund?

The VZF will target a selected number of pilot countries based on the following criteria:

- Least Developed Country, other Low Income or Lower Middle Income Countries according to OECD-DAC (Development Assistance Committee) eligibility. Countries in Asia that fall within these categories include Bangladesh, Cambodia, Lao People's Democratic Republic, Myanmar, Nepal, India, Indonesia, Pakistan, Sri Lanka, and Vietnam. While the initial pilot project will take place in Myanmar, the activities of the Fund are not limited to any one region or geographical area.
- Consultation with and expressed interest by beneficiary country and national social partners.
- Expressed commitment by all relevant stakeholders including the government and social partners to apply principles of relevant ILO standards on prevention, work place safety and ILO fundamental principles and rights at work, and to develop social dialogue in their implementation.
- Potential synergies with similar activities already in existence or planned and with existing capacity development measures and support framework.

## 7. What is the sectoral scope of the Fund?

To support growth and job creation, least-developed and low-income countries (LICs) typically focus on accessing global supply chains in labour-intensive export sectors. While the potential for employment and output growth, as well as poverty-reduction, of these strategies is positive, experience demonstrates that these growth strategies present workplace safety and health compliance challenges which all too frequently result in work-related fatalities and serious injuries and diseases. As a result, the VZF criteria for sector selection include:

- Sectors forming part of employment-intensive value chains (e.g. textile/ready-made garment, footwear, electronics, agro-food processing);
- Sectors that have a large work-force;
- Sectors that are prone to decent work deficits in supply chains;
- Sectors supporting national and international companies' responsible business practices.

## 8. How will efficient administration and effective implementation and monitoring of the activities of the Fund be ensured?

The governance structure of the VZF has three main components: the VZF Administrator; a Steering Committee; and a Strategy Council.

The International Labour Office (ILO) will act as Administrator of the Fund and implement the Fund's projects. A VZF Secretariat has been established to act as the focal point for all technical, operational, reporting and financial matters relating to the VZF, and is led by a VZF Programme Manager.

The VZF is governed by a Steering Committee. The VZF Steering Committee decides on the allocation of VZF funds and reviews the progress of country and sector projects, amongst other duties. The Steering Committee comprises five members: two seats are taken by nominees of the major donors to the VZF; a third seat is drawn from amongst the government members of potential recipient countries serving on the ILO Governing Body; a fourth seat is occupied by an independent expert drawn from the Strategy Council and nominated by the other members of the Steering Committee; and the fifth seat is held by the VZF Programme Manager.

The VZF Strategy Council provides high-level strategic guidance to the VZF Administrator and the VZF Steering Committee on matters related to achieving the VZF's framework of action and objectives. Its members are drawn from donors, recipient countries, academic institutions or research institutes, employers' and workers' organizations as well as international organizations.

## 9. How will the Fund complement other initiatives?

The Fund will draw on the experiences of existing mechanisms and processes notably, the *Accord on Fire and Building Safety in Bangladesh*, the *Alliance for Bangladesh Worker Safety*, the *Bangladesh Sustainability Compact*, and the *National Tripartite Plan of Action on Fire Safety and Structural Integrity in the Garment Sector of Bangladesh*. The common standards on fire and building safety developed by the Alliance and the Accord shall serve as benchmarks for other initiatives supported by the Fund.

Since the ILO will act as administrator of the Fund, the Fund will benefit in terms of strategic coherence from the ILO's leading global role in the areas of occupational safety and health and social protection systems for the workforce. As a result, the Fund will complement ILO's global OSH strategy, its social protection floors extension strategy, as well as the ILO-IFC Better Work Program. Finally, the Fund will collaborate with and seek the support of other relevant multilateral processes including within the UN system, intergovernmental regional bodies and the G20.

## 10. Is there a link between the Rana Plaza compensation scheme and the Vision Zero Fund?

The Rana Plaza compensation scheme was created in 2013 in reaction to the Rana Plaza building collapse in Dhaka, Bangladesh, and provides financial and medical support to victims of that tragedy as well as their families and dependants. The Vision Zero Fund, while also a Multi Donor Trust Fund, operates very differently from the Bangladesh scheme. Contributions to the Vision Zero Fund are not disbursed to victim of occupational accidents, but are instead used to fund projects that promote sustainable and long-term occupational safety and health prevention in global supply chains. The Fund

supports the establishment and enhancement of national work-related injury insurance schemes in producing countries, thereby diminishing the need for further reactive compensation schemes in the event of a serious workplace accident. However, it also supports the proactive commitment of governments and stakeholders to prevent the occurrence of such tragedies in the first instance.